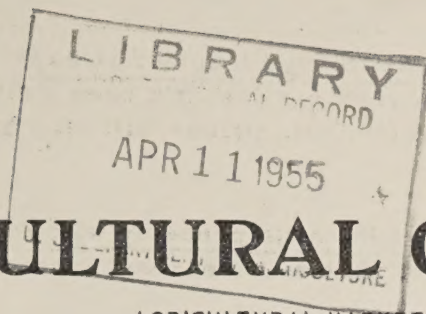


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The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D. C.



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Another big supply of feed is likely this year, according to reports received from farmers on the acreage of spring-sown crops they intended to plant on March 1.

Farmers plan acreage increases for each of the 4 feed grains. Corn is up only slightly but most of the gain is in the high yielding heart of the Corn Belt. For the other grains, the increases are 1% for oats, 9% for barley, 7% for sorghums for all purposes.

These crops are not yet planted and no one knows what the weather will be. But a little arithmetic helps show the possibilities. If farmers plant the acreages they intended, and if yields equal the 1949-53 averages, 125 million tons of feed grains will be produced. This would be second only to the 135 million tons of 1948 ... 3.4 million above 1954.

Hay acreage also is likely to increase. Farmers plan to add 1.6 million acres--2%. Most of gain is in South, Plains States and West.

Seven % increase above last year's record acreage is planned for soybeans. But flaxseed is down 4%. No information on cottonseed, the other major oil crop, will be available until July.

Other crops for which increases are planned: potatoes 1%, sweetpotatoes 0.1%, dry beans 4%, dry peas 3%.

Much of above increases will be on land shifted out of crops under acreage allotments and marketing quotas. Farmers plan reductions of 12% for spring wheat, 27% for rice, 5% for tobacco, 1% for peanuts, 13% for sugar beets.

No information is available on acreage farmers will plant to cotton. National acreage allotment for 1955 calls for 18.2 million acres compared with 20 million in cultivation last July 1.

ECONOMIC ACTIVITY: Improvement continued into February. Factory production and construction increased further. Income set new records and retail stores were selling at a rate above the fourth quarter of 1954 and 8 percent above early 1954.

A further rise in buying by consumers is indicated by recent government surveys ... one on what consumers plan to buy ... the other on what businessmen expect to sell.

Investment plans of businessmen point to an increase in the second quarter. Survey also indicates investment for 1955 as a whole will be up a little from 1954. Most of increase will be in commercial facilities, and utilities.

Business investment in inventories has levelled out after declining for more than a year. Because of recent increases in buying, stocks are considerably smaller compared with sales than in many months.

LIVESTOCK: The long delayed seasonal decline in hog slaughter is expected to begin in April. By July, slaughter will be only a little above a year earlier; it's been a fifth above so far in 1955. A rise in prices is expected as slaughter declines. But prices will stay below the spring and early summer of last year.

The seasonal decline in prices of higher grade cattle probably will reach the low point in spring or early summer. In prospect for grass cattle: a seasonal increase this spring followed by a decline this summer and fall.

DAIRY: The surplus situation continues to improve. Production the last 3 months was slightly below a year earlier...consumption was higher. The Government bought much less for price support than at this time a year ago.

Decline in production is due to fewer milk cows. Production per cow continues to set new records, though it rose less than usual during February.

POULTRY AND EGGS: The next 6 months should bring higher average prices to egg producers than last year. In first half of 1954 prices fell to lowest level since 1950. Prices have declined from the peak in February but in mid-March were above a year earlier in most markets.

Number of chicks placed in broilers areas has been running a little above a year earlier since mid-February.

FATS AND OILS: Soybean exports for 1954-55 are expected to top last year's 40 million bushel record by a wide margin. The big supply and lower prices for oil and meal have reduced prices for beans the last month.

The support price for the 1955 soybean crop has been set at a national average of \$2.04 per bushel, 70 % of Feb. 15 parity. Last year's support was \$2.22 per bushel, 80% of parity. For flaxseed the 1955 support price will be \$2.91, 23 cents below 1954.

FEEDS: Prices for oats, barley and sorghum grain probably will average below 1954 levels this summer. Large acreages are in prospect for these crops and supports have been reduced. Corn prices probably will show more strength than other feedgrains since a large part of the reserve is held by CCC. Prices for most feeds declined in recent weeks and are below a year earlier.

WHEAT: Market supplies are likely to be tight until harvest of the new crop begins. On January 1 all but 284 million bushels of the nation's supply of 1,460 million bushels was either owned by CCC or under loan or purchase agreement. In January-June last year, 325 million bushels were used in the U. S. Prices probably will stay near current levels until May when prospects for the new crop will begin to affect the market.

FRUIT: Further increase in prices for Florida oranges seems likely this spring. Demand from makers of frozen concentrate has increased and will continue strong.

VEGETABLES: Larger crops than last year were forecast March 1 for early spring asparagus, broccoli and onions. Declines were expected for cauliflower and lettuce. Acreage indications for other spring crops point to increases for beets, cabbage, carrots, shallots, spinach and mid-and-late-spring asparagus; declines for early spring tomatoes and watermelons.

The early spring potato crop is expected to be marketed later than usual this year. Storage supplies are somewhat smaller than a year ago. This indicates that prices in next month or so will be above a year earlier.

COTTON: Supply of cotton on March 1, excluding that held by CCC, was probably enough to meet domestic use and exports through July without withdrawing much from CCC stocks.

Prices for middling 15/16 inch cotton declined to an average of 33.29 cents per pound on March 7 and 8, lowest of the season so far. By March 18, prices were up to 33.41 cents.

TOBACCO: Number of cigarettes smoked this year probably will be fairly near 1954 total. King size and filter tips are likely to continue to gain. Not much change is expected in consumption of cigars, snuff and smoking tobacco but chewing tobacco probably will continue down.